Urban shrinkage and the post-socialist transformation: The case of Poland

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Specificity of the process of shrinkage in post-socialist cities

apart from general trends (e.g. de-industrialisation, demografic decline) the process has been strongly influenced by great institutional changes:

1. the transition from a command to a marked-oriented, democratic system; and

2. the EU enlargement
Two ways of transition implemented in East-Central Europe at the beginning of the 1990s.

- gradualism;
- ‘shock-therapy’ → Poland
‘shock therapy’

down

down

down

‘shocking shrinkage’ (rapid and big scale of shrinkage)

specific policies (e.g. SEZs)
Main objective of our presentation:

A dynamic analysis of the process of shrinkage, its consequences and policies applied:

• at the national level
• at the local level (old mining city of Wałbrzych as a case in point)
Main features of the post-socialist urban transformation and the process of shrinkage of Polish cities

Selected ways of coping with urban shrinkage in Poland

Manifestations of shrinkage and policies of urban recovery: the case of the old mining city of Wałbrzych
### Main characteristics of a socialist and a post-socialist city

<table>
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<th>Domain</th>
<th>Socialist city</th>
<th>Post-socialist city</th>
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<tr>
<td>Ideology</td>
<td>Egalitarian society, territorial equalisation of living conditions</td>
<td>Stratified society, sharp rise in social inequalities, growing differences in living conditions</td>
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<td>Domination of the communist party</td>
<td>Multi-party system</td>
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<td>Cities as places of fast modernisation with heavy industry as a tool</td>
<td>De-industrialisation, take-off of the tertiary sector</td>
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<td>Centrally planned economy, priority given to 'productive' economic development</td>
<td>Market economy (neo-liberal approaches); openness to FDI and supranational institutions</td>
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<td>Priority given to public property</td>
<td>Priority given to private property</td>
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<td>Economies of scale, efficiency of agglomeration (resources/infrastructure)</td>
<td>Economies of scope, networking</td>
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<td>Housing as a social service</td>
<td>Housing as a commodity</td>
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### Main characteristics of a socialist and a post-socialist city

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<th>General principles, processes and governmental measures</th>
<th>City planning as part of centralised economic and regional planning, absence of real local self-government</th>
<th>Re-establishment of local self-government and city planning</th>
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<td>State ownership; total control of means of production, urban land and private rental market</td>
<td>Privatisation of enterprises, mosaic of ownership forms</td>
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<td>Economic activity based on large state-run enterprises, very limited private sector</td>
<td>Growing role of SMEs; private sector predominant</td>
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<td>Priority given to state housing construction, small standardised flats, neighbourhood concept</td>
<td>Abandonment of state housing construction, priority given to private developers, diversification of flats, emerging ‘gated communities’</td>
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<td>State allocation and control of dwellings</td>
<td>Re-privatisation / restitution of land and dwellings</td>
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<td>Low rents, quasi-ownership rights for tenants</td>
<td>Reduction of tenant rights, increasing housing costs</td>
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<td>Low investment in old housing stock</td>
<td>Attempts at revitalising old housing stock</td>
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## Main characteristics of a socialist and a post-socialist city

<table>
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<tr>
<th>City</th>
<th>Compact city, relatively homogeneous functional areas, no suburbanisation</th>
<th>Compact city, slightly less homogeneity, rapid suburbanisation</th>
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<tr>
<td>City centre: tertiary and residential functions, small areas of tertiary functions in urban fringes</td>
<td>Growth of areas of tertiary functions, expansion of the CBD, specialisation and decentralisation, small shops, street trading, unintegrated shopping centres</td>
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<tr>
<td>Large, oversized industrial areas, extensive green spaces</td>
<td>Extensive industrial blight, new industrial areas of urban fringes</td>
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<td>Reduction / decay of old housing stock, inter-city fallow areas</td>
<td>Increasing decay of old housing stock, gentrification, urban regeneration</td>
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<tr>
<td>High-rise housing estates (often with poor infrastructure and services)</td>
<td>Decreasing housing construction, luxurious housing enclaves (also in suburban zones)</td>
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<tr>
<td>Housing shortage caused by deficit in housing stock</td>
<td>Housing shortage caused by affordability problems and reduction of state rental sector</td>
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<td>Rural-to-urban migrations</td>
<td>Urban-to-rural migrations (mostly to the suburbs)</td>
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Salient features of the post-socialist urban transformation:

a) de-industrialisation of the urban economy followed by the take-off of the tertiary sector;
b) re-establishment of local self-government and city planning;
c) a decline in the role of the state sector in favour of the private one, ultimately dominating;
d) diversification of the housing market;
e) attempts at gentrification and regeneration of the old housing stock; and
f) urban-to-rural migrations (associated with the suburbanisation process) replacing rural-to-urban ones.
Some results of the Polish post-socialist transformation:

- polarisation of the development
- concentration of the population and economic development in some metropolitan areas with diversified economic profiles and depopulation and economic collapse in peripheral or monofunctional ones

Source: Węclawowicz 2006
Over the years 1995-2009, out of the 39 Polish cities with more than 100,000 inhabitants, a substantial population drop was recorded in 12, mostly industrial, of which five former mining centres had lost more than 10% of their residents.

Wałbrzych - one of those with the highest population loss.

Source: own compilation based on Central Statistical Office data.
Manifestations of shrinkage:

• Population loss (more than 10% in 1995-2010)
• High unemployment rate
• Industrial decline
• Degradation of built environment
Selected ways of coping with urban shrinkage in Poland

Key features affecting urban policies in post-socialist cities are:

a) the importance of EU initiatives; and

b) a strong reliance upon policies formulated by the central government and the weakness of local programmes and strategies.
Selected ways of coping with urban shrinkage in Poland

European Union programmes

Definitions

ERDF- and ESF- financed urban renewal

- Subsidies
- Loans

Regional operational programmes
- 2004-2006
  - Integrated Operational Programme of Regional Development
- 2007-2013
  - 16 regional operational programmes

Sectoral operational programmes
- 2004-2006
  - Increase in Enterprise Competitiveness
  - Human Resources
- 2007-2013
  - Development Infrastructure and Environment
  - Innovative Economy
  - Human Capital

JESSICA Initiative
- 4 voivodeships

Source: own compilation
Selected ways of coping with urban shrinkage in Poland

European Union programmes

Targets

• renewal of degraded housing quarters
• revitalisation of post-industrial and post-military areas in cities by changing their current functions,
• revitalisation of elements of the cultural heritage intended for tourism or other permanent purposes,
• creating office space for small and medium-sized enterprises, IT services or R&D,
• construction and expansion of university facilities, and implementation of investment based on renewable sources of energy.
Selected ways of coping with urban shrinkage in Poland

European Union programmes

Results

• criteria of choosing problem areas,
• measures necessary for the economic development of the revitalised sites,
• proposed ways of solving social problems,
• multi-year financial plans for urban renewal
• institutional frameworks of revitalisation in cities
• forum for the exchange of knowledge and experience
• local revitalisation programmes (LRP)
Selected ways of coping with urban shrinkage in Poland

European Union programmes

Results

2004-2006

95,5 mln EUR

167 LRP (18,4% of cities in Poland)

178 projects in 113 cities

2007-2013

1.436,8 mln EUR

Source: own compilation on the basis of Ministry of Regional Development data
Special Economic Zones (SEZ) are specially delimited parts of a country's territory in which economic activity can be conducted on preferential terms, involving especially tax exemptions, provision of infrastructure and legal assistance.

Today there are a total of 14 SEZs in Poland.

Advantages

• the assistance during the investment process
• the concentration of firms with a similar profile (clustering)
• the adjustment of curricula at schools and universities to the needs of investors
Selected ways of coping with urban shrinkage in Poland

Special Economic Zones

**Targets**

- **accelerating the economic development** of areas especially hard hit by the transformation-generated crisis,
- **redeveloping** post-industrial property and infrastructure,
- creating **new jobs** and attracting investors, also from abroad.
Selected ways of coping with urban shrinkage in Poland

Special Economic Zones

Results

New jobs:
159,937

Total investment outlays:
1579,85 mln EUR

Source: own compilation on the basis of Ministry of Economy data
Wałbrzych - shrinking former mining city

- located in the Lower Silesian Voivodeship (since 1999), it was previously the capital of Wałbrzych Voivodeship (1975-1998).

- situated in central part of the Sudety Mountains, in the vicinity of the national borders with the Czech Republic and Germany.

Total population: 121,363
Deep crisis in the city since the mid-1990s. as a consequence of deindustrialisation and the post-socialist transition

Wałbrzych as a sort of testing ground of liquidation coal industry in Poland

City’s shrinkage in almost all dimensions, i.e. demographic, economic, social and spatial (both physical structures and aesthetic values).
Demographic change

Continuous out-migration of people (especially Young and well-educated) to the neighbouring metropolitan area of Wrocław and to Western countries

Population figure dropped by about 13% (1995-2008)

Rate of natural increase -4.4 per 1,000 population (2008)

Ageing of population: (rate of senior citizens)
Poland: 16,5%
Lower Silesian voivodeship: 16,3%
Wałbrzych powiat: 18,7%
Wałbrzych city: 19,4%

Source: own compilation based on Central Statistical Office data and Urbański 2004
Labour market

Loss of 24,000 jobs on liquidation of the coal industry

High unemployment:
- record figure of 28.1% in 2002
- 13.17% in 2009

Problem with 'the poor's shafts'
- illegal coal extraction operated mostly by jobless former miners
Social poverty

- degradation of socio-economic status of city’s inhabitants
- problems in the city, like alcoholism, homelessness, crime
- 13.1% of Wałbrzych's population was in 2008 on social security, with the figure rising to as much as 25% in some areas of the city
Degradation of physical structures and aesthetic values

A very bad state of repair concern a great number of buildings, including historic tenement houses
large-panel housing estates are still an 'attractive' residential choice
Crisis of city’s political élites

„Poor man’s democracy”

„Election was sold?”
Policies adopted to cope with negative effects of the process of shrinkage in the city of Wałbrzych

Different tools and actors:

• EU programmes, e.g. pre-accession PHARE-Struder, Sectoral Operational Programme „Improvement of the Competitiveness of Enterprises” (2004-2006), Operational Programme „Infrastructure and Environment” (2007-2013),

• Special Economic Zone

• Lower Silesian Scientific-Technological Park (initiative of the Lower Silesian Regional Development Agency)

• Local Programme of Revitalisation of Wałbrzych City
The Wałbrzych Special Economic Zone „INVEST-PARK” was established in 1997 and is going to operate until 31st of December 2020. It encompasses space of about 1651.5 ha.

Major investments are the companies: Toyota and Bridgestone. The zone is dominated by the automotive industry.

8,300 employees
Main concern:

What may happen with the Wałbrzych SEZ after 2020?

• The case of Japanese Takata – moved to Romania where the workforce is 30% cheaper
• Industrial investments rest on imported technologies; no RandD centre

„The first investor in the Wałbrzych Special Economic Zone is also the first to abandon it“
Wałbrzych - a city of inspiration

The ugliness of Wałbrzych makes the city perceived as the most repulsive place in Poland (on a par with Bytom and Ruda Śląska).

Magnetism of Polish towns" report (Young & Rubicam 2009)

City is an exceptional and inspiring place for film-makers and representatives of such artistic fields as literature, photography or the theatre

Performences staged in Wałbrzych were classed by the weekly POLITYKA as the most important cultural events of 2010 in the field of theatre
Old Mine Multi-Cultural Park
– new cultural symbol in Wałbrzych

9 mln euro will be provided by the European programme “Infrastructure and environment”

- the conception of the Park includes an expansion of the existing museum, the establishment of the European Centre of Unique Ceramics, the conversion of the buildings into the seat of the Sudety Philharmonics, and the creation of a tourist and amusement complex with conference halls, a hotel, and eating places.

The ‘new’ museum will be opened in 2012
Can the creative sector be a sufficient tool to cope with urban shrinkage?
Conclusions
Policies and Strategies for Dealing with Shrinkage

Strategies – two orientations

• **in situ strategies**

  **Goals**
  - reducing unemployment by stimulating entrepreneurship
  - revitalisation programmes (urban core renewal, mining heritage conservation, reuse of industrial buildings for culture and education projects)

  **Main local actors**
  - enterprises
  - institutions and organisations of business environment
  - cities and communes

• **networking strategies**, e.g. improvement of accessibility (railway and road connections)

All strategies are supported by the EU assistance programmes and the Ministry of Regional Development (National Strategy of Regional Development)
IS THERE AN INTEGRATED APPROACH TO FOSTER SUSTAINABLE DEVELOPMENT, SKILLS AND EMPLOYMENT?

NO

Coordination of policies and strategies – the biggest challenge for the future
Thank you!
The characteristics of Polish economy in the final stage of the command system:

- preferential treatment of the energy- and material-intensive heavy industry (mining, metallurgy, engineering) and regression of consumer industries and services;
- absolute dominance of the so-called socialised (i.e. public) sector;
- predominance of big enterprises (among them combines) and the fall of small- and medium-sized businesses; and
- concentration of industry in old industrial areas (especially the Upper Silesian, Lower Silesian and Łódź Industrial Districts), with no attempts at their restructuring → most shrinking cities are located in the south of Poland